

DATE IN 10/31/97	SUSPENSE 11/20/97	ENGINEER DC	LOGGED <i>[Signature]</i>	TYPE DHC
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ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
- Engineering Bureau -

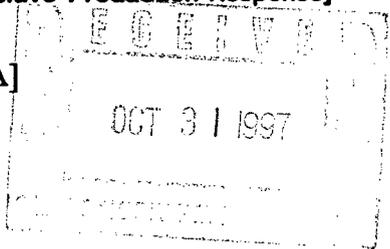
1745

**ADMINISTRATIVE APPLICATION COVERSHEET**

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

**Application Acronyms:**

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]



**[1] TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Directional Drilling  
 NSL     NSP     DD     SD

Check One Only for [B] and [C]

- [B] Commingling - Storage - Measurement  
 DHC     CTB     PLC     PC     OLS     OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX     PMX     SWD     IPI     EOR     PPR

**[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or  Does Not Apply**

- [A]  Working, Royalty or Overriding Royalty Interest Owners
- [B]  Offset Operators, Leaseholders or Surface Owner
- [C]  Application is One Which Requires Published Legal Notice
- [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F]  Waivers are Attached

**[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding**

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Peggy Bradfield  
  
 Print or Type Name                      Signature

Regulatory/Compliance Administrator  
 \_\_\_\_\_  
 Title

10-30-97  
 Date

# BURLINGTON RESOURCES

---

SAN JUAN DIVISION

October 30, 1997

SENT FEDERAL EXPRESS

Mr. William LeMay  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: Allison Unit #27  
990'FNL, 990'FEL Section 30, T-32-N, R-6-W, San Juan County, NM  
API #30-045-11576

Dear Mr. LeMay:

This is a request for administrative approval for downhole commingling the Blanco Mesa Verde and Basin Dakota in the subject well. This well was drilled and completed as a Mesa Verde/Dakota dual.

To comply with the New Mexico Oil Conservation Division rules, Burlington Resources Oil & Gas is submitting the following for your approval of this commingling:

1. Form C107A - Application for Downhole Commingling;
2. C-102 plat for each zone showing its spacing unit and acreage dedication;
3. Production curve for both the Mesa Verde and Dakota for at least one year;
4. Notification list of offset operators - Burlington is the unit operator;
5. Shut in wellhead pressure and calculated down hole pressure;
6. Nine-section plats for the Dakota and Mesa Verde

Notification of Mesa Verde and Dakota interest owners is covered under Order #R-9918 issued July 6, 1996 attached.

We will consult with the Supervisor of the Aztec District Office of the New Mexico Oil Conservation Division to establish an allocation formula.

Please let me know if you require additional data.

Sincerely,



Peggy Bradfield  
Regulatory/Compliance Administrator  
encs.

xc: Bureau of Land Management  
NMOCD - Aztec

E

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

811 South First St., Artesia, NM 88210-2835

DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410-1693

State of New Mexico Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco Santa Fe, New Mexico 87505-6429

Form C-107-A New 3-12-96

APPROVAL PROCESS :

X Administrative Hearing

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE

X YES NO

Burlington Resources Oil & Gas Company

PO Box 4289, Farmington, NM 87499

Operator

Address

Allison Unit

27

A 30-32N-6W

Rio Arriba

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 14538 Property Code 6785 API NO. 30-045-11576 Federal x State (and/or) Fee x

Table with 4 columns: The following facts are submitted in support of downhole commingling, Upper Zone, Intermediate Zone, Lower Zone. Rows include Pool Name and Pool Code, Top and Bottom of Pay Section, Type of production, Method of Production, Bottomhole Pressure, Oil Gravity, Producing or Shut-In?, Production Marginal?, and Fixed Percentage Allocation.

- 9. If allocation formula is based upon something other than current or past production...
10. Are all working, overriding, and royalty interests identical in all commingled zones?
11. Will cross-flow occur?
12. Are all produced fluids from all commingled zones compatible with each other?
13. Will the value of production be decreased by commingling?
14. If this well is on, or communitized with, state or federal lands...
15. NMOCD Reference Cases for Rule 303(D) Exceptions:
16. ATTACHMENTS:

I hereby certify that the information above is true and complete to the best of my knowledge and belief. SIGNATURE [Signature] TITLE Production Engineer DATE 10/29/97 TYPE OR PRINT NAME Robert L. Goodwin III TELEPHONE NO. (505) 326-9700

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102  
Supersedes C-128  
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

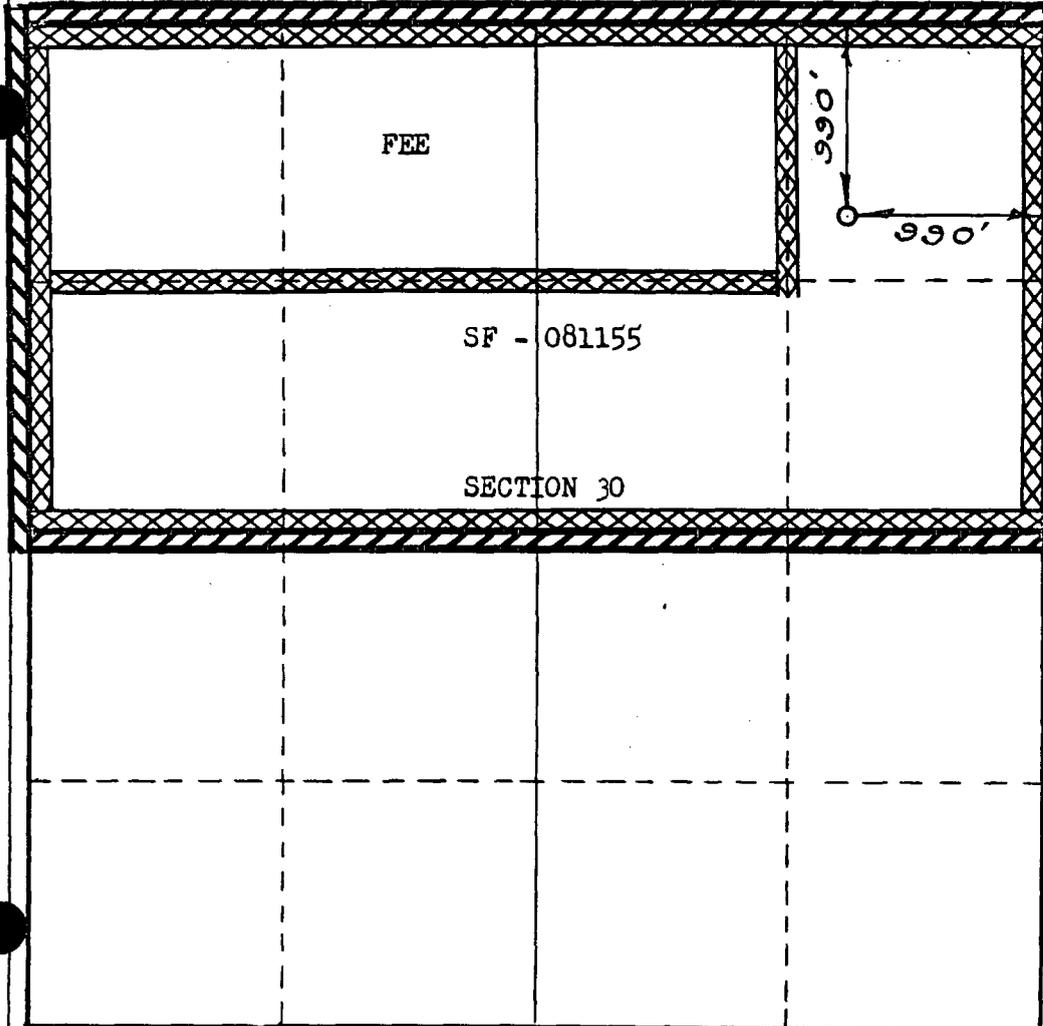
Operator <b>EL PASO NATURAL GAS COMPANY</b>		Lease <b>ALLISON UNIT SF-081155</b>		Well No. <b>27 (MD)</b>
Unit Letter <b>A</b>	Section <b>30</b>	Township <b>32-NORTH</b>	Range <b>6-WEST</b>	County <b>SAN JUAN</b>
Actual Footage Location of Well: <b>990</b> feet from the <b>NORTH</b> line and <b>990</b> feet from the <b>EAST</b> line				
Ground Level Elev: <b>6406</b>	Producing Formation <b>MESA VERDE &amp; DAKOTA</b>	Pool <b>BLANCO M. V. &amp; BASIN DAKOTA</b>	Dedicated Acreage: <b>317.42 &amp; 317.42</b> Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes    No   If answer is "yes," type of consolidation \_\_\_\_\_ Unitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

ORIGINAL SIGNED E. S. OBERLY

Name

Petroleum Engineer

Position

El Paso Natural Gas Company

Company

August 24, 1965

Date

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

AUGUST 9, 1965

Registered Professional Engineer and/or Land Surveyor

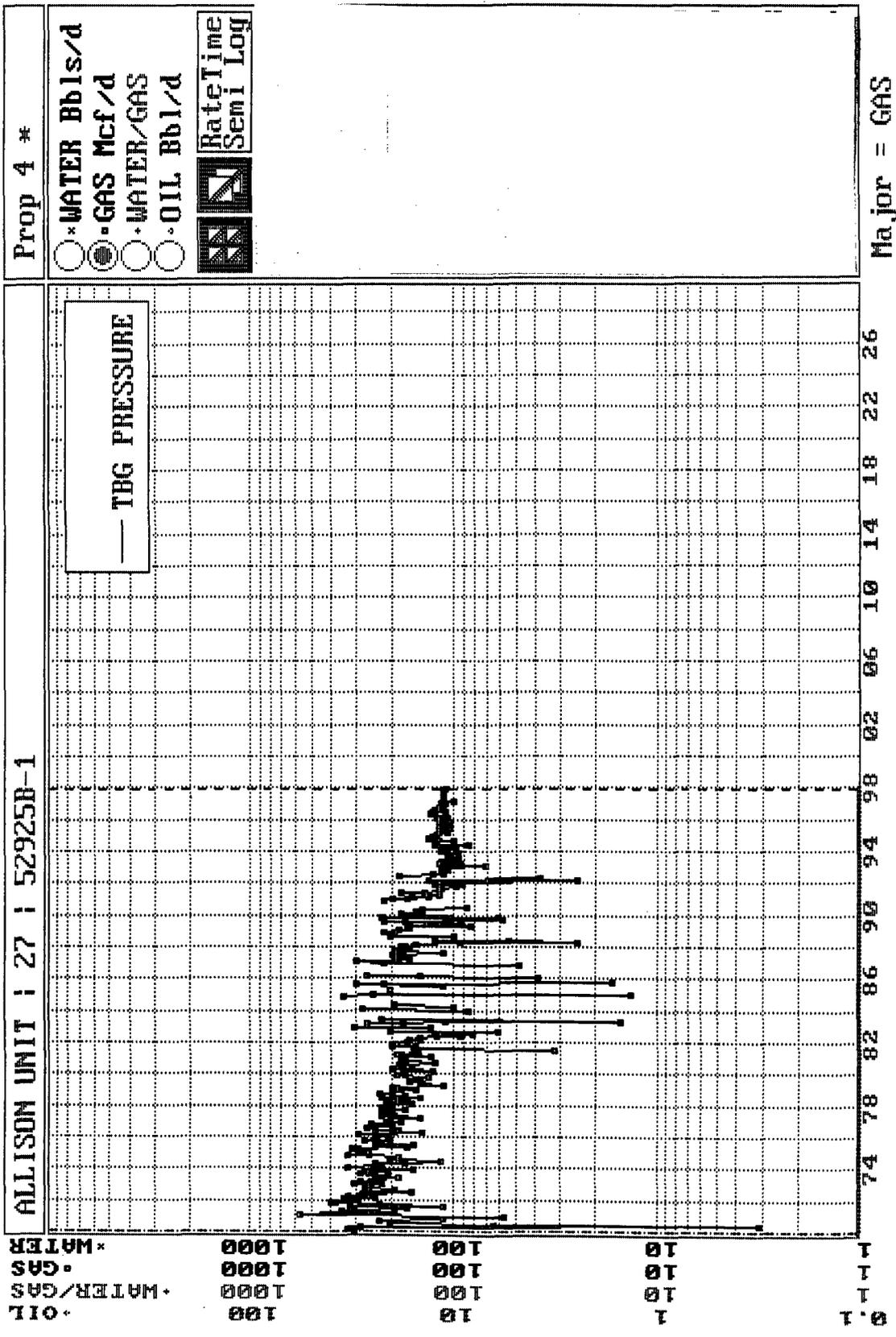
Certificate No.

1760

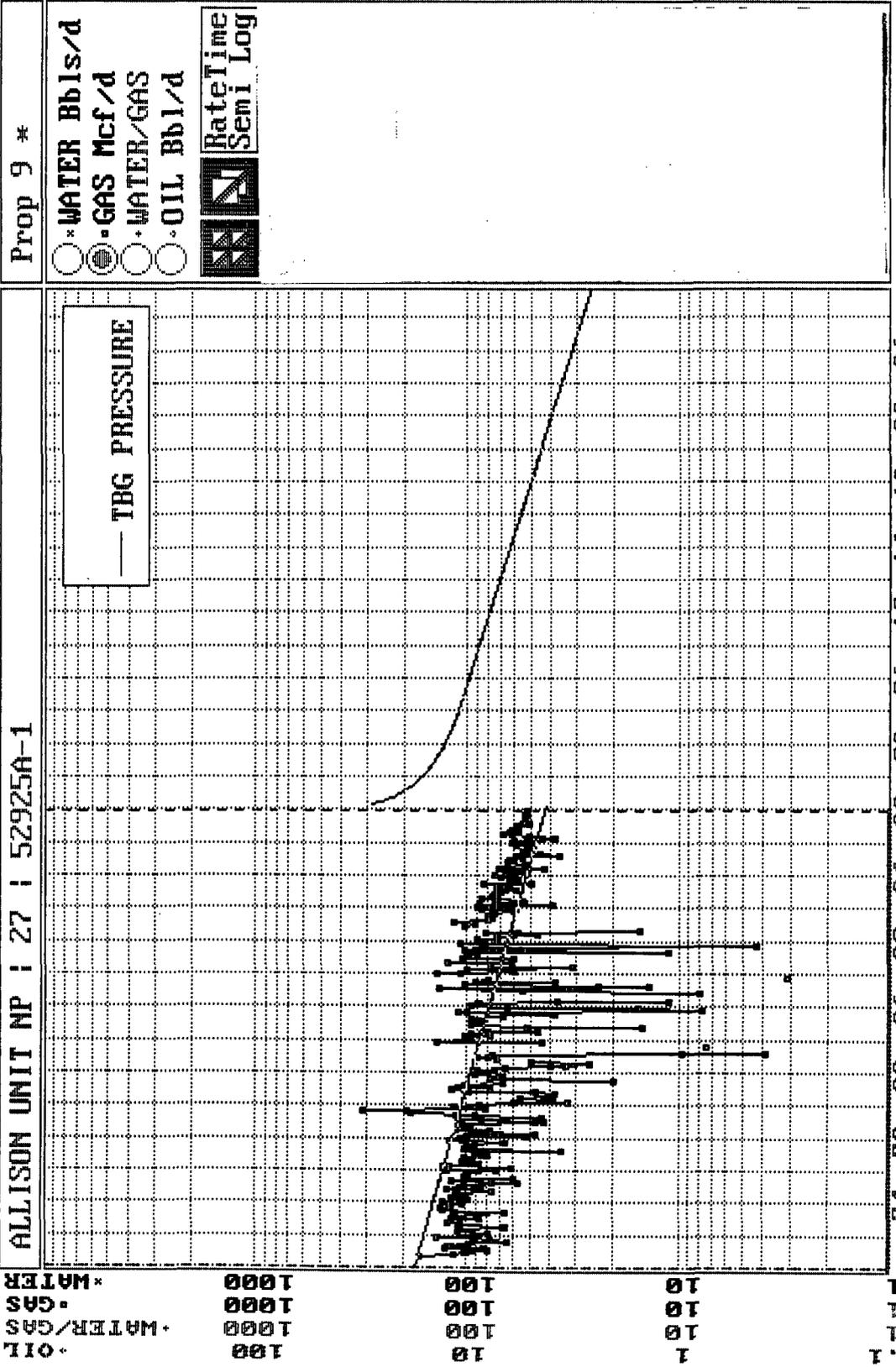




CURRENT MESAVERDE



ESTIMATED MESAVERDE AFTER PAYADD



• OIL  
• WATER/GAS  
• GAS  
• WATER

100  
100  
100  
100

10  
10  
10  
10

10  
10  
10  
10

1  
1  
1  
1

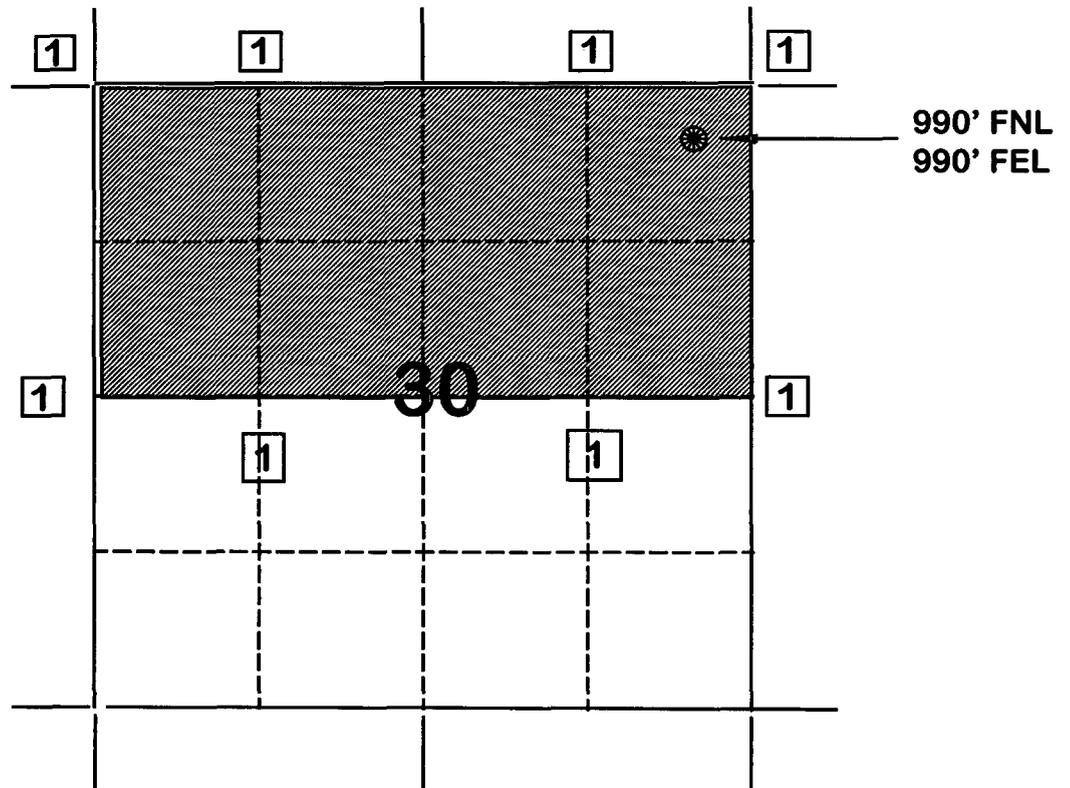
74 78 82 86 90 94 98 02 06 10 14 18 22 26

**BURLINGTON RESOURCES OIL AND GAS COMPANY**

**Allison Unit NP #27  
OFFSET OPERATOR \ OWNER PLAT**

**Mesaverde/Dakota Formations Commingle Well**

**Township 32 North, Range 6 West**



**1) Burlington Resources Oil and Gas Company**

**Allison Unit #27**  
**Bottom Hole Pressures**  
**Flowing and Static BHP**  
**Cullender and Smith Method**  
Version 1.0 3/13/94

<b>Mesa Verde</b>		<b>Dakota</b>	
<u><b>MV - Current</b></u>		<u><b>DK-Current</b></u>	
GAS GRAVITY	0.591	GAS GRAVITY	0.594
COND. OR MISC. (C/M)	M	COND. OR MISC. (C/M)	M
%N2	0.5	%N2	0.1
%CO2	2.03	%CO2	3.8
%H2S	0	%H2S	0
DIAMETER (IN)	5.5	DIAMETER (IN)	4
DEPTH (FT)	5680	DEPTH (FT)	7927
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	195	BOTTOMHOLE TEMPERATURE (DEG F)	210
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	564	SURFACE PRESSURE (PSIA)	588
BOTTOMHOLE PRESSURE (PSIA)	632.3	BOTTOMHOLE PRESSURE (PSIA)	688.9
<u><b>MV - Original</b></u>		<u><b>DK-Original</b></u>	
GAS GRAVITY	0.591	GAS GRAVITY	0.594
COND. OR MISC. (C/M)	M	COND. OR MISC. (C/M)	M
%N2	0.5	%N2	0.1
%CO2	2.03	%CO2	3.8
%H2S	0	%H2S	0
DIAMETER (IN)	5.5	DIAMETER (IN)	4
DEPTH (FT)	5680	DEPTH (FT)	7927
SURFACE TEMPERATURE (DEG F)	60	SURFACE TEMPERATURE (DEG F)	60
BOTTOMHOLE TEMPERATURE (DEG F)	195	BOTTOMHOLE TEMPERATURE (DEG F)	210
FLOWRATE (MCFPD)	0	FLOWRATE (MCFPD)	0
SURFACE PRESSURE (PSIA)	1190	SURFACE PRESSURE (PSIA)	2850
BOTTOMHOLE PRESSURE (PSIA)	1342.8	BOTTOMHOLE PRESSURE (PSIA)	3378.4

Page No.: 1

Print Time: Tue Sep 30 07:14:43 1997

Property ID: 9

Property Name: ALLISON UNIT NP | 27 | 52925A-1 DAKOTA

Table Name: C:\ARIES\ALLISON\TEST.DBF

--DATE--	---CUM GAS--	M SIWHP	M SIBHP	C SIWHP	C SIBHP
.....	.....Mcf.....	.....Psi.....	.....Psi.....	.....	.....
09/20/65	0	2850.0	3379.0		
10/13/65	0	2837.0			
11/04/66	0	0.0	0.0		
05/16/67	57000	1710.0			
05/02/68	104000	818.0			
10/15/70	179567	1540.0	1824.0		
08/31/71	209936	1517.0	1796.0		
06/22/72	239494	1312.0	1550.0		
02/02/76	375836	1062.0			
07/06/77	427076	1072.0	1263.0		
10/08/79	512385	1162.0	1371.0		
05/22/81	553961	1137.0			
05/01/85	638667	1063.0	1252.0		
06/07/90	747700	1087.0	1281.0		
04/29/92	787957	1028.0	1210.0		

Page No.: 1

Print Time: Tue Sep 30 07:14:14 1997

Property ID: 4

Property Name: ALLISON UNIT | 27 | 52925B-1

Table Name: C:\ARIES\ALLISON\TEST.DBF

MESAVERDE

--DATE--	---CUM GAS--	M SIWHP	M SIBHP	C SIWHP	C SIBHP
.....	.....Mcf.....	...Psi...	...Psi...	.....	.....
09/20/65	0	1190.0	1343.0		
09/27/65	0	0.0	0.0		
10/20/65	0	1177.0			
05/16/67	163000	780.0			
05/02/68	268000	745.0			
10/15/70	480695	753.0	846.0		
08/31/71	555099	692.0	777.0		
06/22/72	644403	546.0	612.0		
07/03/73	743155	560.0	628.0		
05/03/74	816901	514.0	576.0		
06/01/76	991241	477.0	534.0		
08/02/78	1154052	550.0	616.0		
06/04/80	1269761	588.0	659.0		
05/03/82	1377131	632.0	709.0		
05/17/84	1448259	722.0	811.0		
03/17/86	1506873	726.0	815.0		
05/23/89	1647100	676.0	759.0		
02/18/91	1727189	649.0			
07/14/91	1726796	661.0	742.0		
05/04/93	1795215	662.0	743.0		

10/13/97

WELL-INFO INQUIRE FOR 52925A 0-125909-00 WMS009M1

RECORD TYPE: W SCREEN 1

FARMINGTON SAN JUAN , NM

BASIN DAKOTA (PRORATED GAS) FIELD

DAKOTA ZONE

ALLISON UNIT NP 27

BURLINGTON RESOURCES O&G CO

04/04/96 FLOWING GAS WELL

LOCATION

990'N, 990'E

BLK UNIT SEC TWN RNG TRACT

NENE 30 032N 006W

WORK INT-GAS NET INT-GAS TD PBD TPERF BPERF AFE BATTERY

0.5405083 0.4577130 8044 8012 7876 8008

WORK INT-OIL NET INT-OIL

0.5405083 0.4577130

ORIG SPUD WO/RECOMP DRIL COMP WELL COMP 1ST OIL PROD 1ST OIL SOLD

08/04/65 09/17/65 09/27/65

1ST GAS SOLD

10/13/65

INITIAL TEST

10/13/65 1341 AOF, 1322 CV, 2837 SITP

CURRENT TEST

CONSULTANT

GAS CONTRACT

NXO 07/23/97

PF6 - PAGE BACK PA1 - END INQUIRE ENTER - NEXT SCREEN SCREEN NUMBER

10/13/97

WELL-INFO INQUIRE FOR 52925B 0-079715-00 WMS009M1

RECORD TYPE: W SCREEN 1

FARMINGTON SAN JUAN , NM

BLANCO MESAVERDE (PRORATED GAS FIELD

MESAVERDE ZONE

\*SAN JUAN TRUST\*

ALLISON UNIT (27)

BURLINGTON RESOURCES O&G CO

05/08/91 FLOWING GAS WELL

LOCATION

990'N 990'E

BLK UNIT SEC TWN RNG TRACT

NENE 30 032N 006W

WORK INT-GAS NET INT-GAS TD PBTB TPERF BPERF AFE BATTERY

0.5405676 0.4593383 0 8012 5624 5694

WORK INT-OIL NET INT-OIL

0.5405676 0.4593383

ORIG SPUD WO/RECOMP DRIL COMP WELL COMP 1ST OIL PROD 1ST OIL SOLD

09/04/65 07/19/90 09/17/65 09/27/65

1ST GAS SOLD

10/20/65

INITIAL TEST

10/20/65 5116 AOF,4580 CV, 1177 SITP, 1177 SICP

CURRENT TEST

CONSULTANT

GAS CONTRACT

NXO 07/23/97

PF6 - PAGE BACK PA1 - END INQUIRE ENTER - NEXT SCREEN SCREEN NUMBER

FARMINGTON

ANNUAL PRODUCTION FOR 52925A

PHS020M1

ALLISON UNIT NE (27)

BASIN DAKOTA (PRORATED GAS) FIELD

DAKOTA ZONE

===== OIL CUM =====

===== GAS CUM =====

===== WATER CUM =====

PC	DATE	BBLs	PC	DATE	MCF	DATE	BBLs
02	6912		01	6912	170815		

=====

YEAR	OIL	OIL CUM	GAS	GAS CUM	WATER	WATER CUM
1990			21437	755724		
1991			23931	779655		
1992			25889	805544		
1993			23802	829346		
1994			21888	851234		
1995			19100	870334		
1996			20487	890821		
1997			12226	903047		

POSITION CURSOR BY YEAR AND PRESS ENTER TO DISPLAY MONTHLY PRODUCTION  
 ENTER - CONTINUES ANNUAL DISPLAY                    PF3 - TRANSFER TO UPDATE  
 PF6 - RETURN TO WELL-INFO DISPLAY                PF9 - ANNUAL INJECTION DISPLAY  
                                                                                  PF10 - HELP INFORMATION

00/00/00 00:00:00:0 D03 09/02/89

FARMINGTON

1997 MONTHLY PRODUCTION FOR 52925A

PHS030M1

ALLISON UNIT NB

27

BASIN DAKOTA (PRORATED GAS) FIELD

DAKOTA ZONE

DAYS			OIL			GAS								
MO	T	S	ON	PC	PROD	GRV	PC	PROD	ON	BTU	PRESS	WATER	PROD	C
1	2	F					01	1740	31	960	15.025			
2	2	F					01	1540	28	960	15.025			
3	2	F					01	1648	31	960	15.025			
4	2	F					01	1507	30	960	15.025			
5	2	F					01	1443	28	960	15.025			
6	2	F					01	1506	30	960	15.025			
7	2	F					01	1447	31	957	15.025			
8	2	F					01	1395	28	957	15.025			
9														
10														
11														
12														

PF6 - RETURNS TO ANNUAL DISPLAY

PF3 - TRANSFER TO UPDATE

PF10 - HELP INFORMATION

PF9 - DISPLAY MONTHLY INJECTION

00/00/00 00:00:00:0

PRS 10/03/97

FARMINGTON

ANNUAL PRODUCTION FOR 52925B

PHS020M1

ALLISON UNIT

(27)

BLANCO MESAVERDE (PRORATED GAS FIELD

MESAVERDE ZONE/

===== OIL CUM =====

===== GAS CUM =====

===== WATER CUM =====

PC	DATE	BBLs	PC	DATE	MCF	DATE	BBLs
02	6912		01	6912	424119		

=====

YEAR	OIL	OIL CUM	GAS	GAS CUM	WATER	WATER CUM
1990			38994	1717962		
1991			47803	1765765		
1992			36111	1801876		
1993			38013	1839889		
1994			42015	1881904		
1995			41706	1923610		
1996			42675	1966285		
1997			26051	1992336		

POSITION CURSOR BY YEAR AND PRESS ENTER TO DISPLAY MONTHLY PRODUCTION  
 ENTER - CONTINUES ANNUAL DISPLAY                    PF3 - TRANSFER TO UPDATE  
 PF6 - RETURN TO WELL-INFO DISPLAY                PF9 - ANNUAL INJECTION DISPLAY  
                                                                                  PF10 - HELP INFORMATION

00/00/00 00:00:00:0 D03 09/02/89

FARMINGTON

1997 MONTHLY PRODUCTION FOR 52925B

PHS030M1

ALLISON UNIT

27

BLANCO MESAVERDE (PRORATED GAS FIELD

MESAVERDE ZONE)

DAYS =====			OIL =====			GAS =====								
MO	T	S	ON	PC	PROD	GRV	PC	PROD	ON	BTU	PRESS	WATER	PROD	C
1	2	F					01	3521	31	993	15.025			
2	2	F					01	3100	28	993	15.025			
3	2	F					01	3314	31	993	15.025			
4	2	F					01	3143	30	993	15.025			
5	2	F					01	3362	28	993	15.025			
6	2	F					01	3153	30	993	15.025			
7	2	F					01	3212	31	998	15.025			
8	2	F					01	3246	26	998	15.025			
9														
10														
11														
12														

PF6 - RETURNS TO ANNUAL DISPLAY

PF3 - TRANSFER TO UPDATE

PF10 - HELP INFORMATION

PF9 - DISPLAY MONTHLY INJECTION

00/00/00 00:00:00:0

PRS 10/03/97

DATE: October 14, 1997

NAME: ALLISON UNIT 27

FORM: MESAVERDE

LOCATION  
UNIT: A  
SEC: 30  
TWN: 32N  
RNG: 6W

<p>8/58 * [24]</p> <p>Allison Unit 17 57/1604(97) 0/0</p>	<p>8/60 * [19]</p> <p>Allison Unit 23x 84/1860(97) 0/0</p>	<p>11/77 * [20]</p> <p>Yager 2 113/1273(97) 0/0</p> <p>4/56 * [21]</p> <p>Allison Unit 10 62/1910(97) 0/0</p> <p>1/80 * [22]</p> <p>Allison Unit 10A 106/1197(97) 0/0</p> <p>4/78 * [23]</p> <p>Yager 2A 107/1176(97) 0/0</p>
<p>5/84 * [25]</p> <p>Allison Unit 22A 24/367(97) 0/0</p> <p>1/75 * [26]</p> <p>Burnt Mesa 1 60/1425(97) 0/0</p> <p>12/77 * [27]</p> <p>Burnt Mesa 1A 1/454(97) 0/0</p>	<p>12/77 * [28]</p> <p>Allison Unit 22 145/2217(97) 0/0</p> <p>12/81 * [29]</p> <p>Allison Unit 44 156/1463(97) 0/0</p> <p>9/65 * [30]</p> <p>Allison Unit 27 62/1910(97) 0/0</p>	<p>9/81 * [31]</p> <p>Allison Unit 41A 66/638(97) 0/0</p> <p>6/96 * [32]</p> <p>Allison Unit 53 59/730(97) 0/0</p> <p>12/79 * [33]</p> <p>Allison Unit NP 41 80/1103(97) 0/0</p>
<p>7/82 * [36]</p> <p>San Juan 32-7 Unit 27A 25/262(97) 0/0</p> <p>1/75 * [37]</p> <p>San Juan 32-7 Unit 25 50/848(97) 0/0</p> <p>1/75 * [38]</p> <p>San Juan 32-7 Unit 27 45/588(97) 0/0</p>	<p>[31]</p>	<p>INA * [32]</p> <p>Rosa Unit 150 0/96(96) 0/0</p> <p>INA * [33]</p> <p>Rosa Unit 29 67/1109(96) 0/0</p>

T  
32  
N

LEGEND

WELL STATUS  
COMPLETION DATE \*

WELL NAME  
MCF/D-CUM(MMF)  
BOP/D-CUM(MBO)

DATE: October 13, 1997

NAME: ALLISON UNIT NP 27

FORM: DAKOTA

LOCATION

UNIT: A  
SEC: 30  
TWN: 32N  
RNG: 6W

T  
32  
N

<p>[24]</p>	<p>1/74 * Allison Unit 40 39/285(97) 0/0</p>	<p>INA * Allison Unit 10 Pcum 41 0/0</p> <p>[20]</p>
<p>11/73 * Allison Unit 18 44/471(97) 0/0</p> <p>[25]</p> <p>8/58 * Allison Unit 16 15/1958(97) 0/0</p>	<p>8/60 * Allison Unit 23x 77/2322(97) 0/0</p> <p>[19]</p> <p>9/65 * Allison Unit NP 27 41/897(97) 0/0</p> <p>[30]</p>	<p>INA [29] * 6/74 Allison Unit NP 41 0/69(78) 0/0</p>
<p>[36]</p>	<p>[31]</p>	<p>2/73 * San Juan 28-6 Unit 132 89/1156(97) 0/0</p> <p>[32]</p>

LEGEND

WELL STATUS	
COMPLETION DATE	*
WELL NAME	
MCF/D-CUM(MMF)	
BOP/D-CUM(MBO)	

R-7-W

R-6-W

STATE OF NEW MEXICO  
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 10743  
Order No. R-9918

APPLICATION OF MERIDIAN OIL INC.  
FOR DOWNHOLE COMMINGLING AND FOR  
AN ADMINISTRATIVE DOWNHOLE COMMINGLING  
PROCEDURE WITHIN THE ALLISON UNIT  
AREA, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 17, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 6th day of July, 1993, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Meridian Oil Inc., seeks approval to commingle gas production from the Blanco-Mesaverde and Basin-Dakota Pools within the Allison Unit Well No. 9R located 1720 feet from the North line and 1655 feet from the East line (Unit G) of Section 13, Township 32 North, Range 7 West, NMPM, San Juan County New Mexico.

(3) The applicant further seeks the adoption of an administrative procedure for authorizing the downhole commingling of Blanco-Mesaverde and Basin-Dakota Pool production within certain existing and subsequently drilled wells in its Allison Unit Area San Juan County, New Mexico, without additional notice to each affected interest owner within the Unit Area.

(4) The Allison Unit Well No. 9R is to be drilled as a replacement well for the Allison Unit Well No. 9 which is located 1765 feet from the North line and 1500 feet from the East line (Unit G) of Section 13 and which is currently completed in and producing from the Basin-Dakota Pool.

(5) The Allison Unit Well No. 9 was drilled in 1955 and has cumulatively recovered some 4.4 BCF of gas from the Basin-Dakota Pool.

(6) Due to the age and mechanical condition of the Allison Unit Well No. 9, the applicant has estimated that it will not recover some 1.7 BCF of gas in the Basin-Dakota Pool underlying the E/2 of Section 13.

(7) Applicant's testimony indicates that due to economics, the Allison Unit Well No. 9R cannot be drilled solely to recover gas reserves in the Basin-Dakota Pool.

(8) The applicant expects to encounter marginal production only from the Blanco-Mesaverde Pool.

(9) The proposed downhole commingling is necessary in order for the applicant to economically recover Basin-Dakota and Blanco-Mesaverde Pool reserves underlying the E/2 of Section 13.

(10) The Allison Unit is a Federal exploratory unit initially comprising some 11,705 acres in New Mexico and some 2,069 acres in Colorado. Within New Mexico, the unit comprises portions of Township 32 North, Ranges 6 and 7 West, NMPM, San Juan County. The unit was formed in 1950 and is currently operated by Meridian Oil Inc.

(11) The evidence and testimony presented indicates that the Basin-Dakota and Blanco-Mesaverde Pools have both been substantially developed within the Allison Unit.

(12) The applicant has identified numerous Mesaverde and Dakota well locations within the Allison Unit which by virtue of marginal gas reserves and resulting poor economics cannot be economically drilled and produced as stand alone units.

(13) The current well economics and projected Dakota and Mesaverde gas reserves underlying these respective tracts virtually assure that these wells must be downhole commingled in order to meet the economic criteria for drilling.

(14) The applicant expects initial producing rates from both the Mesaverde and Dakota formations to be fairly marginal in nature.

(15) The applicant further demonstrated through its evidence and testimony that within the wells it proposes or will propose to commingle within the Unit Area:

- a) there will be no crossflow between the two commingled pools;
- b) neither commingled zone exposes the other to damage by produced liquids;
- c) the fluids from each zone are compatible with the other;
- d) the bottomhole pressure of the lower pressure zone should not be less than 50 percent of the bottomhole pressure of the higher pressure zone adjusted to a common datum; and,
- e) the value of the commingled production is not less than the sum of the values of the individual production.

(16) The Dakota and Mesaverde Participating Areas within the Allison Unit are not common.

(17) By virtue of different Participating Areas, the interest ownership between the Dakota and Mesaverde formations within any given wellbore is not common.

(18) Applicant's Exhibit No. 2 in this case is a list of three hundred and fifty-four (354) interest owners in the Dakota and Mesaverde Participating Areas within the Allison Unit. All such interest owners were notified of the application in this case.

(19) Rule No. 303(C) of the Division Rules and Regulations provides that administrative approval for downhole commingling may be granted provided that the interest ownership, including working, royalty and overriding royalty interest, is common among the commingled zones.

(20) Applicant's proposed administrative procedure would provide for Division approval to downhole commingle wells in the Allison Unit Area without hearing, and without the requirement that each interest owner in the Dakota and Mesaverde Participating Areas be notified of such commingling.

(21) The downhole commingling of wells within the Allison Unit Area will benefit working, royalty and overriding royalty interest owners. In addition, the downhole commingling of wells within the Allison Unit Area should not violate the correlative rights of any interest owner.

(22) Evidence in this case indicates that . . . to each interest owner within the Dakota and Mesaverde Participating Areas of subsequent downhole comminglings within the Allison Unit is unnecessary and is an excessive burden on the applicant.

(23) No interest owner and/or offset operator appeared at the hearing in opposition to the application.

(24) An administrative procedure should be established within the Allison Unit for obtaining approval for subsequently downhole commingled wells without notice to Unit interest owners and hearing, provided however that, all provisions contained within Rule No. 303(C) of the Division Rules and Regulations, with the exception of Part 1 (b)(v), are fully complied with.

(25) The proposed administrative procedure for obtaining approval for downhole commingling will allow the applicant the opportunity to recover additional gas reserves from the Allison Unit Area which may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

(26) In the interest of prevention of waste and protection of correlative rights, the proposed downhole commingling within the Allison Unit Well No. 9R should be approved.

(27) The applicant should consult with the supervisor of the Aztec District Office of the Division subsequent to the completion of the subject well in order to determine a proper allocation of production.

(28) The operator should immediately notify the supervisor of the Aztec district office of the Division any time the subject well has been shut-in for seven consecutive days and shall concurrently present, to the Division, a plan for remedial action.

**IT IS THEREFORE ORDERED THAT:**

(1) The applicant, Meridian Oil Inc., is hereby authorized to commingle gas production from the Blanco-Mesaverde and Basin-Dakota Pools within the Allison Unit Well No. 9R located 1720 feet from the North line and 1655 feet from the East line (Unit G) of Section 13, Township 32 North, Range 7 West, NMPM, San Juan County, New Mexico.

(2) The applicant shall consult with the supervisor of the Aztec district office of the Division subsequent to the completion of the subject well in order to determine a proper allocation of production.

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(3) The operator shall immediately notify the supervisor of the Aztec district office of the Division any time the subject well has been shut-in for seven consecutive days and shall concurrently present, to the Division, a plan for remedial action.

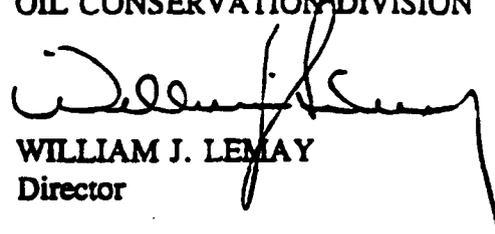
(4) An administrative procedure for obtaining approval to downhole commingle wells within the Allison Unit, located in portions of Township 32 North, Ranges 6 and 7 West, NMPM, San Juan County, New Mexico, is hereby established.

(5) In order to obtain Division authorization to downhole commingle wells within the Allison Unit, the applicant shall file an application with the Santa Fe and Aztec Offices of the Division. Such application shall contain all of the information required under Rule No. 303(C) of the Division Rules and Regulations, provided however that the applicant shall not be required to provide notice to all interest owners within the Dakota and Mesaverde Participating Areas in the Allison Unit of such proposed commingling. In addition, the application shall contain evidence that all offset operators and the United States Bureau of Land Management (BLM) have been notified of the proposed commingling.

(6) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LEMAY  
Director

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